

FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

Sea Dragon Energy Inc. (“**Sea Dragon**” or the “**Corporation**”)
2320, 255 – 5th Avenue S.W.
Calgary, Alberta T2P 3G6

Item 2 Date of Material Change

March 19, 2012.

Item 3 News Release

A news release relating to the material change described herein were released by Canada Newswire on March 20, 2012.

Item 4 Summary of Material Change

Sea Dragon announced that further to its press release of March 8, 2012, on March 19, 2012, it entered into an Amended and Restated Share Purchase Agreement (the “**Amended Agreement**”) with Golden Crescent Investments Ltd. (“**Golden Crescent**”) whereby Sea Dragon will acquire, directly or indirectly, all of the issued and outstanding shares of National Petroleum Company Egypt Limited (“**NPC Egypt**”) (the “**Acquisition**”).

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

Sea Dragon announced that further to its press release of March 8, 2012, on March 19, 2012, it entered into the Amended Agreement with Golden Crescent whereby Sea Dragon will acquire, directly or indirectly, all of the issued and outstanding shares of NPC Egypt.

Revised Terms of Acquisition

Under the terms of the Amended Agreement, Sea Dragon will acquire, directly or indirectly, all of the issued and outstanding shares of NPC Egypt in consideration of the issuance of 437.5 million common shares of Sea Dragon at a deemed price of US\$0.20 per share (the “**Common Share Consideration**”) and US\$60 million of redeemable, convertible, non-voting preferred shares (the “**Preferred Shares**”) to be issued, directly or indirectly, to Golden Crescent at the closing of the Acquisition (the “**Preferred Share Consideration**”), subject to certain working capital adjustments made in accordance with the terms of the Amended Agreement.

The Preferred Shares will bear a preferred cumulative dividend of seven (7%) percent per annum for the first twelve months after issuance, ten (10%) percent per annum for the next nine months and twelve (12%) percent per annum thereafter until converted or redeemed. In certain circumstances, dividends may be capitalized and added to the redemption value of the Preferred Shares. The Preferred Shares may be redeemed by Sea Dragon at any time after issuance in increments of not less than US\$20 million upon 45 days’ written notice. Golden Crescent has the right to convert the Preferred Shares, in whole or in part, into common shares of the Corporation at a conversion price of Cdn\$0.15 per common share at any time after the first anniversary of the date of issuance. Golden Crescent shall not be entitled to transfer the Preferred Shares until after the first anniversary of the issuance date.

Sea Dragon has until May 8, 2012 to complete the Acquisition (subject to a 10 day extension). Following execution of the Amended Agreement, Golden Crescent will be entitled until May 1, 2012, to solicit and entertain alternative proposals. In the event that Golden Crescent receives a proposal it wishes to accept, it may terminate the Amended Agreement without any: (a) penalty or payment in favour of Sea Dragon of the previously contemplated termination fee; or (b) right of Sea Dragon to match any alternative proposal.

The revised terms of the Acquisition are subject to certain conditions precedent including Sea Dragon shareholder approval; receipt of all necessary consents and approvals from Sea Dragon's existing senior secured lenders; completion of certain amendments to Sea Dragon's senior secured reserve-based credit facility agreement and related agreements with BNP Paribas and HSBC; regulatory and stock exchange approvals; and completion, in accordance with the terms set out in the Amended Agreement of the proposed International Finance Corporation financing announced by the Corporation on January 31, 2012 (the "**IFC Financing**").

Other than as set forth above, the terms of the Acquisition, terms of the pre-closing reorganization, the net profits interest and the termination fee payable by Sea Dragon (with the inclusion of the above IFC and lenders conditions and confirmation by Sea Dragon of its ability to close the Acquisition as additional termination fee events) remain substantially unchanged from the terms announced in the Corporation's January 8, 2012, January 9, 2012 and March 8, 2012 press releases.

Rescheduling of Sea Dragon Shareholders Meeting

Sea Dragon announces that the special meeting of the holders of the common shares of Sea Dragon is anticipated to be rescheduled to be held on April 30th, 2012 to approve, among other things, the Acquisition.

For further information, please see the press releases of Sea Dragon dated January 8, 2012, January 9, 2012, January 31, 2012, February 24, 2012, March 8, 2012 and a copy of the Purchase Agreement and Amended Agreement, all of which are available under Sea Dragon's SEDAR profile at www.sedar.com.

5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6 **Reliance on subsection 7.1(2) of National Instrument 51-102**

Not applicable.

Item 7 **Omitted Information**

Not applicable.

Item 8 **Executive Officer**

The name and business telephone number of an executive officer of Sea Dragon who is knowledgeable about the material change and this report and who can be contacted is:

A.D. (Tony) Anton
President and Chief Operating Officer
Telephone: (403) 457-5035

Item 9 Date of Report

March 23, 2012.

Special Note Regarding Forward-Looking Information

This material change report contains certain statements or disclosures relating to Sea Dragon that are based on the expectations of Sea Dragon as well as assumptions made by and information currently available to Sea Dragon which may constitute forward looking information under applicable securities laws. All such statements and disclosures, other than those of historical fact, which address activities, events, outcomes, results or developments that Sea Dragon anticipates or expects may, or will occur in the future (in whole or in part) should be considered forward-looking information. In some cases, forward-looking information can be identified by terms such as “forecast”, “future”, “may”, “will”, “expect”, “anticipate”, “believe”, “potential”, “enable”, “plan”, “continue”, “contemplate”, “proforma”, or other comparable terminology. In particular, this material change report contains forward-looking statements in respect of the Acquisition and the meeting of the holders of common shares of Sea Dragon.

Readers are cautioned that there is no assurance that the transactions referenced herein will proceed and certain conditions must be met before the Acquisition can be completed. Such conditions include the receipt of all necessary approvals. There is no assurance that the required approvals will be received and there is therefore no assurance that the Acquisition will be completed in the time frame anticipated or at all. With respect to the forward-looking statements contained herein, the Corporation has made assumptions regarding timely receipt of the necessary approvals and satisfaction of the other closing conditions for the Acquisition and general economic conditions. Many factors could cause the performance or achievement by Sea Dragon to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. These factors include the failure to obtain the required approvals and changes to economic conditions. Readers are cautioned that the foregoing list of factors is not exhaustive. The forward-looking statements contained in this material change report are expressly qualified by this cautionary statement. Sea Dragon is not under any duty to update any of the forward-looking statements after the date of this material change report or to conform such statements to actual results or to changes Sea Dragon’s expectations and Sea Dragon disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.